

Message Text

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ORIGIN ABF-01

INFO OCT-01 EUR-25 ISO-00 L-03 SCI-06 OMB-01 TRSE-00

CIAE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

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FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: ABUD, OSCI, AFIN, YO

SUBJECT: U.S.-YUGOSLAV SCIENTIFIC COOPERATION

REF: BELGRADE 4578

1. WE REGRET THAT IT HAS NOT BEEN POSSIBLE TO COMPLETE
ARRANGEMENTS FOR USG AGENCY GRANT PAYMENTS TO JOINT FUND
BY NOVEMBER 1 DATE AS SCHEDULED IN MAY 18 S AND T AGREE-
MENT, FOR THE FOLLOWING REASONS:

A. CURRENT INABILITY OF TREASURY DEPARTMENT TO PROVIDE
AMOUNTS OF DINARS RESERVED FOR EACH U.S. AGENCY BUT
UNEXPENDED AT JULY 1, 1973, WHICH ARE ESSENTIAL TO
COMPLETION OF REVISED FINANCIAL PLAN AND PAYMENTS TO
JOINT FUND. THIS INFORMATION IS ANTICIPATED SHORTLY.

B. TEMPORARY INABILITY OF SOME USG AGENCIES TO SUPPLY
FINAL FIGURES ON STATUS THEIR FUNDS AT JUNE 30, 1973,
WHICH ARE ESSENTIAL TO DETERMINATION OF AMOUNTS

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AVAILABLE FOR PAYMENT TO JOINT FUND. THIS DATA SHOULD

BE AVAILABLE WITHIN A FEW DAYS.

C. SATISFACTORY RESOLUTION OF LEGAL QUESTION SET FORTH IN PARAGRAPH B BELOW APPEARS PREREQUISITE FOR FURTHER DEPOSITS TO JOINT FUND BY USG AGENCIES.

2. THE PRELIMINARY OPINION OF YUGOSLAV LEGAL AUTHORITIES HAS BEEN INTERPRETED FOR US BY RAJACIC AS MEANING THAT THE JOINT BOARD LACKS AUTHORITY TO SIGN (1) AGREEMENTS ACCEPTING GRANTS OF USG AGENCIES, AS WELL AS (2) JOINT BOARD GRANT LETTERS TO INDIVIDUAL INSTITUTIONS.

A. INASMUCH AS ARTICLE III OF THE MAY 18 AGREEMENT PROVIDES FOR USG "DEPOSITS" IN THE JOINT FUND WITHOUT SPECIFYING THE GRANT PROCEDURE CONNECTED THEREWITH, AND ARTICLE V DOES NOT INCLUDE THE SIGNATURE OF USG AGENCY GRANTS TO THE JOINT BOARD AMONG THE FUNCTIONS OF THE JOINT BOARD, WE HAVE CONCLUDED THAT THE YUGOSLAVS ARE ON FIRM LEGAL GROUND WITH REGARD TO (1) ABOVE. ACCORDINGLY, WE HAVE PURSUED AND WITH CONSIDERABLE DIFFICULTY FOUND A FORMULA ACCEPTABLE HERE THAT WILL MAKE JOINT BOARD SIGNATURE UNNECESSARY ON USG AGENCY GRANTS TO THE JOINT FUND.

B. HOWEVER, WE HAVE FOUND NO WAY AT PRESENT TO ACCOMMODATE TO THE POSITION IN (2) ABOVE THAT THE JOINT BOARD CANNOT SIGN ITS OWN GRANTS TO RESEARCH INSTITUTIONS. WE DO NOT FIND THIS POSITION MENTIONED SPECIFICALLY IN THE OPINION OF THE YUGOSLAV SECRETARIAT AND ASSUME RAJACIC IS MAKING AN UNFOUNDED PERSONAL INTERPRETATION. WE DO NOT CONSIDER THIS A "NEW TASK" WITHIN LANGUAGE OF ADVISORY OPINION SINCE PARAGRAPH 2(D) OF ARTICLE V SPECIFICALLY AUTHORIZED THE JOINT BOARD TO MAKE GRANTS. THIS NECESSARILY CARRIES WITH IT THE AUTHORITY TO SIGN GRANT DOCUMENTS. MOREOVER, ADMINISTRATIVE PROCEDURES (PARAGRAPH 10) WHICH WERE APPROVED BY BOARD IN JULY REQUIRES BOARD'S SIGNATURE ON GRANT DOCUMENT. IN THESE CIRCUMSTANCES THE U.S. TECHNICAL AGENCIES WHICH CONTROL THE FUNDS LIMITED OFFICIAL USE

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THAT ARE TO BE DEPOSITED IN THE JOINT FUND FEEL THEY ARE UNABLE TO RELEASE NEW MONIES INTO THE FUND UNTIL THEY ARE ASSURED THAT BOARD'S SIGNATURE AND INSTITUTION'S ACCEPTANCE WILL APPEAR ON GRANT DOCUMENT. WE HOPE THE YUGOSLAV POSITION CAN BE BROUGHT INTO ACCORD WITH THIS.

3. THE JOINT BOARD GRANT DOCUMENT COULD BE A SIMPLE LETTER, SIMILAR TO THE MODEL CONTAINED IN STATE 156669.

THE MAIN VIRTUE OF THIS WAY OF PROCEDURE AS WE SEE IT
IS THAT THE END-USER OR GRANTEE INSTITUTION WOULD BE
OBLIGATED TO COMPLY WITH THE TERMS OF THE APPLICABLE
PROJECT AGREEMENT WITHOUT THE BOARD ITSELF BEING HELD
ACCOUNTABLE FOR COMPLIANCE.

4. WE ARE MOVING EXPEDITIOUSLY TO PREPARE FOR MAKING
THE USG GRANT DEPOSITS TO THE JOINT FUND SOONEST. WE
HOPE A FAVORABLE YUGOSLAV RESOLUTION OF THE REMAINING
LEGAL PROBLEM WILL BE AVAILABLE TO FACILITATE THE
PAYMENTS WITHIN A FEW DAYS. KISSINGER

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